

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY

**ORDER OF THE SUPERVISOR OF WELLS**

IN THE MATTER OF:

THE PETITIONS OF TRENDWELL ENERGY )	
CORPORATION FOR AN ORDER FROM THE )	
SUPERVISOR OF WELLS FORMING FOUR FULL )	ORDER NO. (A) 19-11-06
80-ACRE ANTRIM SHALE FORMATION DRILLING )	(A) 20-11-06
UNITS CONSISTENT WITH ORDER NO. (A) 14-9-94 )	(A) 21-11-06
BY COMPULSORY POOLING ALL INTERESTS INTO )	(A) 22-11-06
THE UNITS. )	

**AMENDED OPINION AND ORDER**

at a session of the Department of Environmental Quality held  
at Lansing, Michigan, Harold R. Fitch, Assistant Supervisor  
of Wells, Presiding

On November 19, 2007, Petitioner, Trendwell Energy Corporation filed a Motion to Amend Order No. (A) 20-11-06 to Extend Time to Drill Well. Cause (A) 20-11-06 was part of consolidated Order No. (A) 19-11-06, (A) 20-11-06, (A) 21-11-06, and (A) 22-11-06, effective March 23, 2007. This Order (i) formed four 80-acre Antrim Shale Formation drilling unit as described therein; (ii) appointed Trendwell Energy Corporation as the operator of the Dietrich D1-14 and Campbell D2-15 wells to be drilled within 120 days of the effective date of the Order and the Campbell C1-15 and Campbell B2-14 wells to be drilled within 240 days from the effective date of the Order; and (iii) ordered the compulsory pooling of all properties, parts of properties and interests within the drilling unit for purposes of drilling the four proposed wells only.

Petitioner, in its Motion to Amend, states that while Petitioner has timely drilled the Dietrich D1-14, Campbell D2-15, and Campbell C1-15 wells, Petitioner is not able to commence drilling of the Campbell B2-14 within 240 days of the effective date of the Order. Petitioner requests that the 240-day deadline for the drilling of the Campbell B2-14 well (which will expire on or about November 23, 2007) be extended an additional 120 days. Petitioner states the delay in drilling the Campbell B2-14 well is attributable to its decision to assess the production performance of the other three wells before drilling the Campbell B2-14. Assessment of the performance of the other wells has now led Petitioner to conclude that the Campbell B2-14 well will likely be economic and should be drilled to provide Petitioner the opportunity to secure and produce its just and equitable share of the oil, gas, and gas energy producible from the 80-acre drilling unit. Petitioner states entry of the proposed Amended Opinion and Order will not prejudice any party, including Navitas Development, LLC (Navitas), who elected to participate pursuant to paragraph 5(a) of Order No. (A) 19-11-06, (A) 20-11-06, (A) 21-11-06, and (A) 22-11-06. A copy of Petitioners Motion to Amend was served on Navitas.

**DETERMINATION AND ORDER**

I have reviewed the Motion to Amend Order No. (A) 20-11-06 to Extend Time to Drill Well, submitted by Petitioner and have determined that Order No. (A) 19-11-06, (A) 20-11-06, (A) 21-11-06, and (A) 22-11-06 should be amended.

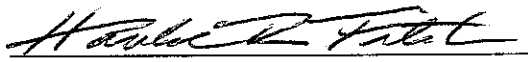
NOW, THEREFORE, IT IS ORDERED THAT:

Paragraph 3 of the Determination and Order section of the original Opinion and Order effective March 23, 2007, in Cause No. (A) 19-11-06, (A) 20-11-06, (A) 21-11-06, and (A) 22-11-06 is hereby amended in its entirety to provide as follows:

3. The Petitioner is named Operator of the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells. The Operator shall commence the drilling of the Dietrich D1-14 and Campbell D2-15 wells within 120 days of the effective date of this Order, the Campbell C1-15 well within 240 days of the effective date of this Order, and the Campbell B2-14 well within 360 days of the effective date of this Order, or the compulsory pooling authorized in this Order shall be null and void as to all parties and interests. This pooling Order applies to the drilling of the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells only.

All other provisions of the original Opinion and Order No. (A) 19-11-06, (A) 20-11-06, (A) 21-11-06, and (A) 22-11-06, effective March 23, 2007, are reaffirmed.

DATED: Nov. 21, 2007

  
HAROLD R. FITCH  
ASSISTANT SUPERVISOR OF WELLS  
Office of Geological Survey  
P.O. Box 30256  
Lansing, MI 48909-7756

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY

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BY COMPULSORY POOLING ALL INTERESTS INTO	)	(A) 22-11-06
THE UNITS.	)	

**OPINION AND ORDER**

This case involves four Petitions of Trendwell Energy Corporation (Petitioner). The Petitioner proposes to drill and complete four wells for oil and gas exploration (the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells) within four drilling units in the stratigraphic interval known as the Antrim Shale Formation. Under Order No. (A) 14-9-94, as amended, the drilling unit size for an Antrim Shale Formation well is 80 acres. Since not all of the land owners within the proposed drilling units have agreed to voluntarily pool their interest, the Petitioner seeks Orders of the Supervisor of Wells (Supervisor) designating Petitioner as operator of the 80-acre drilling units and requiring compulsory pooling of all tracts and interests within the geographic areas for which the owners have not agreed to voluntary pooling. The four Petitions were consolidated as a matter of administrative efficiency as the owners not having agreed to voluntary pooling are the same in all four proposed drilling units.

**JURISDICTION**

The development of oil and gas in this State is regulated under Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. MCL 324.61501 *et seq*. The purpose of Part 615 is to ensure the orderly development and production of the oil and gas resources in this State. MCL 324.61502. To that end, the Supervisor may establish drilling units and compulsorily pool mineral interests within said units. MCL 324.61513(2) and (4). However, the formation of drilling units by compulsory pooling of interests can only be

effectuated after an evidentiary hearing. 1996 MR 9, R 324.302 and R 324.304. The evidentiary hearing is governed by the applicable provisions of the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 *et. seq.* See 1996 MR 9, R 324.1203. The evidentiary hearing in this matter was held on January 9, 2007.

#### **FINDINGS OF FACT**

Petitioner specifically requests that the Supervisor issue an Order that:

1. Requires compulsory pooling of all tracts and mineral interests within the proposed drilling units that have not agreed to voluntary pooling.
2. Names Petitioner as operator of the proposed drilling units and the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells.
3. Authorizes Petitioner to recover certain costs and other additional compensation from the parties subject to the compulsory pooling order.

The hearing in this matter was originally scheduled for November 14, 2006. An appearance was filed by Mr. James Neal on behalf of Frontier Energy and Navitas Development, LLC (Navitas), an unleased mineral owner in the proposed drilling units. An adjournment of the hearing was requested by the Petitioner and the hearing was rescheduled for January 9, 2007. Navitas did not file an answer and signed a stipulation agreeing to the amount of well costs and additional compensation proposed by Petitioner.

The Administrative Law Judge determined that the Notice of Hearing was properly served and published. No answers to the Petition were filed. Only the Petitioner's representative appeared at the hearing. Therefore, the Petitioner is the only Party to this case. The Supervisor designated the hearing to be an uncontested evidentiary hearing pursuant to R 324.1205(1)(c) and directed evidence be presented in the form of verified statements.

In support of its case, the Petitioner offered the verified statement of Mr. Todd R. Mall, President, Trendwell Energy.

### I. DRILLING UNIT

The spacing of wells targeting the Antrim Shale Formation is governed by Order No. (A) 14-9-94, as amended. This Order establishes drilling units of 80 acres, more or less, consisting of two contiguous governmental surveyed quarter-quarter sections of land with one common boundary of approximately 1,320 feet, with allowances being made for the differences in the size and shape of sections.

Under Order No. (A) 14-9-94, as amended, it is presumed that one well will efficiently and economically drain each unit of hydrocarbons. The Petitioner's proposed drilling units are described as the S 1/2 of SW 1/4 of Section 14, T30N, R1W, Charlton Township, Otsego County (Dietrich D1-14 well); the SE 1/4 of NW 1/4 and NE 1/4 of SW 1/4 of Section 14, T30N, R1W, Charlton Township, Otsego County (Campbell B2-14 well); the E 1/2 of the SW 1/4 of Section 15, T30N, R1W, Charlton Township, Otsego County (Campbell D2-15 well); and the W 1/2 of the SW 1/4 of Section 15, T30N, R1W, Charlton Township, Otsego County, Michigan (Campbell C1-15 well). I find that the proposed drilling units are consistent with Order No. (A) 14-9-94, as amended; and, as such, they are proper drilling units for their respective proposed wells.

### II. DRILLING UNIT OPERATOR

Mr. Mall's verified statement indicates that the Petitioner owns or controls all of the oil and gas interests in each of the proposed 80-acre drilling units, except for a 16.1962 percent working interest. Given this, the Petitioner seeks to be designated as the operator of the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells. I find, as a Matter of Fact, the Petitioner is eligible to be designated operator of the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells.

### III. COMPULSORY POOLING

As found, the Petitioner has proposed four proper drilling units for the Antrim Shale Formation but was unable to obtain the agreement of all owners to gain its full control. The Petitioner may not produce a well on the drilling unit without first obtaining

the control of all the oil and gas interests. In cases like this, it is necessary for the Petitioner to request compulsory pooling from the Supervisor. As discussed, an owner who does not agree to voluntarily pool his or her interest in a drilling unit may be subject to compulsory pooling. 1996 MR 9, R 324.304. The compulsory pooling of an interest must be effectuated in a manner that ensures "each owner... is afforded the opportunity to receive his or her just and equitable share of the production of the unit." *Id.* In addition to protecting correlative rights, the compulsory pooling must prevent waste. MCL 324.61502. An operator must first seek voluntary pooling of mineral interests within a proposed drilling unit prior to obtaining compulsory pooling through an Order of the Supervisor.

All of the owners of oil and gas interests within the proposed drilling units agreed to voluntarily pool their interests, with the exception of Navitas, a 16.1962 percent working interest. Petitioner made numerous attempts to obtain an agreement with Navitas to participate in the formation of full drilling units for purposes of drilling the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells. Mr. Mall indicated that since the filing of the Petitions, Petitioner has acquired an oil and gas lease covering interests owned by SHR Limited Partnership, and has established that JMC Grayling Limited Partnership has no interest in the lands and formations which are the subject matter of the Petitions.

Mr. Mall indicates the wells which Petitioner intends to drill will each have a surface, well bore, and subsurface bottom hole location situated entirely on property which is the subject of an oil and gas lease in which Petitioner has an interest (Exhibit E).

Based on the foregoing, I find, as a Matter of Fact:

1. The Petitioner was unable to voluntarily pool a 16.1962 percent working interest in each of the four proposed 80-acre Antrim Shale formation drilling units.
2. Compulsory pooling is necessary to form four full drilling units, to protect correlative rights of uncommitted owners, and to prevent waste by preventing the drilling of unnecessary wells.

Now that it has been determined compulsory pooling is necessary and proper in this case, the terms of such pooling must be addressed. When pooling is ordered, the owner of the compulsorily pooled lands (Pooled Owner) is provided an election on how he or she wishes to share in the costs of the project. R 324.1206(4). A Pooled Owner may participate in the project, or in the alternative be "carried" by the operator. If the Pooled Owner elects to participate, he or she assumes the economic risks of the project, specifically, by paying his or her proportionate share of the costs or giving bond for the payment. Conversely if a Pooled Owner elects not to participate, the Pooled Owner is, from an economic perspective, "carried" by the operator. Under this option, if the well is a dry hole, the Pooled Owner has no financial obligation because they did not assume any risk. If the well is a producer, the Supervisor considers the risks associated with the proposal and awards the operator compensation, out of production, for assuming all of the economic risks.

In order for a Pooled Owner to decide whether he or she will "participate" in the well or be "carried" by the operator, it is necessary to provide reliable cost estimates. In this regard, the Petitioner must present proofs on the estimated costs involved in drilling, completing, and equipping the proposed well. Petitioner's Authorization for Expenditures (AFE) for the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells itemize the costs to be incurred in the drilling, completing, equipping, and plugging of the wells (Exhibits A-D to the Verified Statement of Todd R. Mall). The estimated costs include \$126,500.00 for drilling and \$155,300.00 for completion of each of the four wells. Equipping costs are \$13,800.00 for the Dietrich D1-14 well, \$71,200.00 for the Campbell B2-14 well, and \$152,700.00 for both the Campbell D2-15 and Campbell C1-15 wells. The total estimated producing well costs are: \$295,600.00 for the Dietrich D1-14 well; \$353,000.00 for the Campbell B2-14 well; and \$434,500.00 for both the Campbell D2-15 and the Campbell C1-15 wells. Id.

Mr. Mall stated the estimated costs set out in the AFE are based on Petitioner's experience drilling, completing, and equipping other Antrim wells. There is no evidence on this record refuting these estimated costs. I find, as a Matter of Fact, the estimated costs are reasonable for the purpose of providing the Pooled Owner a basis on which to elect to participate or be carried. However, I find actual costs shall be used in

determining the final share of costs and additional compensation assessed against a Pooled Owner.

The next issue is the allocation of these costs. Part 615 requires the allocation to be just and equitable. MCL 324.61513(4). Mr. Mall stated the entirety of each of the proposed units is underlain by the Antrim Shale Formation and that allocation of production on a surface acreage basis would be fair and equitable to all interest owners in the unit. The Petitioner requests the actual well costs and production from the well to be allocated based upon the ratio of the number of surface acres in the tracts of the Pooled Owners to the total number of surface acres in the drilling unit. Established practices and industry standards suggest this to be a fair and equitable method of allocation of production and costs. Therefore, I find, as a Matter of Fact, utilizing surface acreage is a fair and equitable method to allocate to the various tracts in the proposed drilling unit each tract's just and equitable share of unit production and costs. Mr. Mall stated Petitioner has entered into a Stipulation with Navitas that covers allocation of costs should Navitas choose to participate (Stipulation, dated January 3, 2007).

The final issue is the additional compensation for risk to be assessed against a Pooled Owner who elects to be carried. The administrative rules under Part 615 provide for the Supervisor to assess appropriate compensation for the risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of wells. 1996 AACRS, R 324.1206(4)(b). Petitioner requests additional compensation of 200 percent for drilling, 200 percent for completing, and 200 percent for equipping costs. Navitas has agreed to pay 200 percent times their interest share (16.1962 percent) additional compensation of the actual cost of drilling, completing, and equipping, through the Stipulation, dated January 3, 2007.

Mr. Mall's verified statement indicates the proposed well has a fair amount of risk. From a mechanical standpoint, there is a risk of surface hole collapse when drilling through the glacial drift. In addition, due to variations in both the intensity of the local natural fracture network in the Antrim Shale (which cannot be predicted prior to drilling and completion) and the efficiency of the hydraulic fracturing process in connecting the well bore to those natural fractures, the well may not be economical to recover the costs



of completion and equipping. Numerous Antrim production wells have been drilled on nearby lands and have been producing gas from the Antrim Shale Formation for an extended period of time. This historical production activity may have resulted in the reduction of bottom hole pressures, which could affect the producibility of the proposed wells.

I find, as a Matter of Fact, the risk of the proposed Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells being dry holes supports compensation from the Pooled Owners of 200 percent of the actual drilling costs incurred. The mechanical and engineering risks associated with the well support additional compensation of 200 percent of the actual completing, and 200 percent of the actual equipping costs incurred. Operating costs are not subject to additional compensation for risk.

#### **CONCLUSIONS OF LAW**

Based on the findings of fact, I conclude, as a matter of law:

1. Petitioner was unable to voluntarily pool the working interests of Navitas. The Supervisor may compulsorily pool all properties when pooling cannot be agreed upon. Compulsory pooling is necessary to prevent waste and protect the correlative rights of the Pooled Owners in the proposed drilling unit. MCL 324.61513(4).
2. This order is necessary to provide for conditions under which each mineral owner who had not voluntarily agreed to pool all their interest in the pooled units may share in the working interest share of production. 1996 AACRS, R 324.1206(4).
3. The Petitioner is an owner within the drilling unit and therefore is eligible to drill and operate the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells. 1996 AACRS, R 324.1206(4).
4. The Supervisor may authorize Petitioner to take from each nonparticipating interest's share of production, the cost of drilling, completing, equipping, and operating the wells, plus an additional percentage of the costs as identified in the

Determination and Order section of this Order for the risks associated with drilling dry holes and the mechanical and engineering risks associated with the completion and equipping of the wells. 1996 AACCS, R 324.1206(4).

5. The applicable spacing for each proposed drilling unit is 80 acres, as established by Order No. (A) 14-9-94, as amended.
6. The Supervisor has jurisdiction over the subject matter and the persons interested therein.
7. Due notice of the time, place, and purpose of the hearing was given as required by law and all interested persons were afforded an opportunity to be heard. 1996 AACCS, R 324.1204.

#### **DETERMINATION AND ORDER**

Based on the Findings of Fact and the Conclusions of Law, the Supervisor determines that compulsory pooling to form four 80-acre Antrim Shale Formation drilling units is necessary to protect correlative rights and prevent waste caused by the drilling of unnecessary wells.

#### **NOW, THEREFORE, IT IS ORDERED:**

1. Four 80-acre Antrim Shale Formation drilling units are established for the following areas: S 1/2 of SW 1/4 of Section 14, T30N, R1W, Charlton Township, Otsego County (Dietrich D1-14 well); the SE 1/4 of NW 1/4 and NE 1/4 of SW 1/4 of Section 14, T30N, R1W, Charlton Township, Otsego County (Campbell B2-14 well); the E 1/2 of the SW 1/4 of Section 15, T30N, R1W, Charlton Township, Otsego County (Campbell D2-15 well); and the W 1/2 of the SW 1/4 of Section 15, T30N, R1W, Charlton Township, Otsego County, Michigan (Campbell C1-15 well). All properties, parts of properties, and interests in this area are pooled into the drilling units. This pooling is for the purpose of forming drilling units only and neither establishes a right, nor diminishes any independent

right, of the Petitioner to operate on the surface or subsurface lands of a Pooled Owner

2. Each Pooled Owner shall share in production and costs in the proportion that their net mineral acreage in the drilling units bears to the total acreage in the drilling units.
3. The Petitioner is named Operator of the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells. The Operator shall commence the drilling of the Dietrich D1-14 and Campbell D2-15 wells within 120 days of the effective date of this Order, and the Campbell C1-15 and Campbell B2-14 wells within 240 days of the effective date of this Order, or the compulsory pooling authorized in this Order shall be null and void as to all parties and interests. This pooling Order applies to the drilling of the Dietrich D1-14, Campbell B2-14, Campbell D2-15, and Campbell C1-15 wells only.
4. A Pooled Owner shall be treated as a working interest owner to the extent of 100 percent of their interest owned in the drilling units. The Pooled Owner is considered to hold a 1/8 royalty interest, which shall be free of any charge for costs of drilling, completing, or equipping the well, or for compensation for the risks of the well, or operating the proposed wells including postproduction costs.
5. A Pooled Owner shall have ten days from the effective date of this Order to select one of the following alternatives and advise the Supervisor and the Petitioner, in writing, accordingly:
  - a. To participate, then within 10 days of making the election (or within a later date as agreed to by the Operator and Pooled Owner), pay to the Operator the Pooled Owner's share of the estimated costs for drilling, completing, and equipping the wells, or give bond for the payment of the Pooled Owner's share of such cost promptly upon completion; and authorize the Operator to take from the Pooled Owner's remaining 7/8

share of production, the Pooled Owner's share of the actual costs of operating the wells; or

b. To be carried, then, if any of the wells are put on production, authorize the Operator to take from the Pooled Owner's remaining 7/8 share of production:

- (i) The Pooled Owner's share of the actual cost of drilling, completing, and equipping each well.
- (ii) An additional 200 percent of the actual drilling costs, 200 percent of the actual completion costs, and 200 percent of the actual equipping costs attributable to the Pooled Owner's share of production, as compensation to the Operator for the risk of a dry hole.
- (iii) The Pooled Owner's share of the actual cost of operating each well.

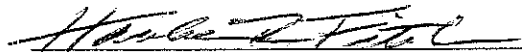
6. In the event the Pooled Owner does not notify the Supervisor in writing of the decision within ten days from the effective date of this Order, the Pooled Owner will be deemed to have elected the alternative described in ¶ 5(b). If a Pooled Owner who elects the alternative in ¶ 5(a) does not, within 10 days of making their election (or within any alternate date agreed upon with the Operator), pay their proportionate share of costs or give bond for the payment of such share of such costs, the Pooled Owner shall be deemed to have elected the alternative described in ¶ 5(b) and the Operator may proceed to withhold and allocate proceeds for costs from the Pooled Owners' 7/8 share of production as described in 5.b.(i), (ii) and (iii).

7. For purposes of the Pooled Owners electing alternatives, the amounts of \$126,500.00 for estimated drilling costs (dry hole costs); and \$155,300.00 for estimated completion costs are fixed as well costs for each of the four wells. Estimated equipping costs are \$13,800.00 for the Dietrich D1-14 well, \$71,200.00 for the Campbell B2-14, and \$152,700.00 for both the Campbell D2-15 and Campbell C1-15 wells. Actual costs shall be used in determining

the Pooled Owner's final share of well costs and in determining additional compensation for the risk of a dry hole. If a Pooled Owner has elected the alternative in ¶ 5(a) and the actual cost exceeds the estimated cost, the Operator may recover the additional cost from the Pooled Owners' 7/8 share of production. Within 60 days after commencing drilling of the well, and every 30 days thereafter until all costs of drilling, completing, and equipping the well are accounted for, the Operator shall provide to the Pooled Owner a detailed statement of actual costs incurred as of the date of the statement and all costs and production proceeds allocated to that Pooled Owner.

8. The Operator shall certify to the Supervisor that the following information was supplied to each pooled owner no later than the effective date of the Order:
  - a. The Order;
  - b. The AFE; and
  - c. Each Pooled Owner's percent of charges from the AFE if the Pooled Owner were to choose option "a" in Paragraph 5, above.
9. The Supervisor retains jurisdiction in this matter.
10. The effective date of this Order is March 23, 2007.

DATED: March 16, 2007

  
HAROLD R. FITCH  
ASSISTANT SUPERVISOR OF WELLS  
Office of Geological Survey  
P.O. Box 30256  
Lansing, MI 48909

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
SUPERVISOR OF WELLS

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CORPORATION FOR AN ORDER FROM THE	)	
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COMPULSORY POOLING ALL INTERESTS INTO THE	)	(A) 22-11-06
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at a session of the Department of Environmental Quality held  
at Lansing, Michigan, on November 14, 2006, Harold R. Fitch,  
Assistant Supervisor of Wells, Presiding


**ORDER OF ADJOURNMENT**

On November 9, 2006, Attorney James R. Neal filed an Appearance on behalf of Frontier Energy, LLC and Navitas Development, LLC in the above referenced causes. Frontier Energy, LLC and/or Navitas Development, LLC own a mineral interest that Petitioner seeks to compulsory pool. Also on November 9, 2006, Petitioner through its attorney, William A. Horn, filed a letter requesting adjournment of these causes scheduled for November 14, 2006, at 9:00 a.m.

**NOW THEREFORE, IT IS ORDERED:**

1. The contested case hearing on Cause Nos. (A) 19-11-06, (A) 20-11-06, (A) 21-11-06, and (A) 22-11-06, scheduled for November 14, 2006, at 9:00 a.m., is hereby adjourned. The hearing is hereby rescheduled for January 9, 2007 at 9:00 a.m. in the Department of Environmental Quality Stephen Nisbet Hearing Room, Atrium Level, South Tower, Constitution Hall, 525 West Allegan Street, Lansing, Michigan.
2. Parties in this matter are the Petitioner, Trendwell Energy Corporation, and Respondents, Frontier Energy, LLC and Navitas Development, LLC.
3. The parties shall exchange witness lists, including a brief resume, and exhibits on or before December 27, 2006.
4. Respondents shall file an answer no later than 5 days before the rescheduled hearing or within 5 days of a written request by Petitioner that an answer be filed.

Dated: Nov. 14, 2006

  
HAROLD R. FITCH  
ASSISTANT SUPERVISOR OF WELLS  
Office of Geological Survey  
P.O. Box 30256-7756  
Lansing, Michigan 48909

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DEPARTMENT OF ENVIRONMENTAL QUALITY  
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**NOTICE OF HEARING**

Take notice that a hearing will be held before the Supervisor of Wells (Supervisor) in the city of Lansing, Michigan, on the FOURTEENTH DAY OF NOVEMBER (NOVEMBER 14) 2006, BEGINNING AT 9:00 A.M., AT THE DEPARTMENT OF ENVIRONMENTAL QUALITY STEPHEN NISBET HEARING ROOM, ATRIUM LEVEL, SOUTH TOWER, CONSTITUTION HALL, 525 WEST ALLEGAN STREET, LANSING, MICHIGAN. The hearing will be conducted pursuant to Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), MCL 324.61501 et seq.; the administrative rules, 1996 AACRS, 2001 MR 2, 2002 MR 23, R 324.101 et seq.; and the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.

The hearing is for the purpose of receiving testimony and evidence pertaining to the need or desirability of issuing an order in the matter of the petitions of Trendwell Energy Corporation (Petitioner), 309 1/2 S. Lafayette Street, Greenville, Michigan 48838.

Petitioner seeks an order of the Supervisor, consistent with Order No. (A) 14-9-94, to form four full 80-acre Antrim Formation drilling units for the following wells by compulsory pooling all interests into the proposed drilling units pursuant to R 324.304:

<u>Well Name</u>	<u>Cause Number</u>	<u>Location</u>
Dietrich D1-14	Cause No. (A) 19-11-06	S 1/2 of SW 1/4 of Section 14
Campbell B2-14	Cause No. (A) 20-11-06	SE 1/4 of NW 1/4 and NE 1/4 of SW 1/4 of Section 14
Campbell D2-15	Cause No. (A) 21-11-06	E 1/2 of SW 1/4 of Section 15
Campbell C1-15	Cause No. (A) 22-11-06	W 1/2 of SW 1/4 of Section 15

All four proposed drilling units are located in T30N, R1W, Charlton Township, Otsego County, Michigan.

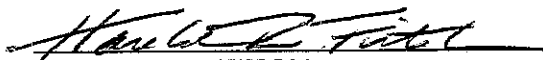
You can obtain copies of the written petitions by requesting them in writing from Mr. Todd R. Mall, Trendwell Energy Corporation, 309 1/2 S. Lafayette Street, Greenville, Michigan 48838, telephone number 616-754-5024.

Take note that if you wish to participate as a party in the hearing by presenting evidence or cross-examining witnesses, you shall prepare and mail or otherwise deliver to the Petitioner and Supervisor, not less than 5 days before the hearing date, an answer to the petitions in the manner set forth in R 324.1204(6). Proof of mailing or delivering the answer shall be filed with the Supervisor on or before the date of the hearing. The answer shall state with specificity the interested person's position with regard to the petitions. Failure to prepare and serve an answer in a timely manner shall preclude you from presenting evidence or cross-examining witnesses at the hearing. If an answer to the petitions is not filed, the Supervisor may elect to consider the petitions and enter an order without oral hearing. Mail the answer to the petition to Mr. Todd R. Mall at the above address, and to the Supervisor in care of the Assistant Supervisor of Wells, Mr. Harold R. Fitch, Office of Geological Survey (OGS), P.O. Box 30256, Lansing, Michigan 48909-7756.

Take further note that you may request a change in the location of the hearing to the county in which the proposed drilling unit is located. If the majority of the owners of the oil and gas rights, which are listed in the Petitions as not voluntarily pooling their interests into the proposed drilling unit, include in their timely filed answers a request to hold the hearing in the county where the proposed drilling unit is located, the Assistant Supervisor of Wells shall: (i) at the time and place scheduled in this notice adjourn the scheduled hearing; (ii) reschedule the hearing for a location in such county, and (iii) provide, by first-class mail, notice of the rescheduled hearing date, time, and place, prior to the rescheduled hearing date to all persons who filed an answer in response to this notice.

Questions regarding Notice of Hearing should be directed to Ms. Susan Maul, OGS, Michigan Department of Environmental Quality, P.O. Box 30256, Lansing, Michigan 48909-7756, phone 517-241-1552. Persons with disabilities needing accommodations for effective participation in this hearing should call or write Ms. Maul at least a week in advance of the hearing date to request mobility, visual, hearing, or other assistance.

Dated: *Sept. 11, 2006*

  
HAROLD R. FITCH  
ASSISTANT SUPERVISOR OF WELLS  
Office of Geological Survey  
P.O. Box 30256  
Lansing, MI 48909-7756